

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4651-01  
Bill No.: HB 2005  
Subject: Administration, Office of; State Departments; Appropriations  
Type: Original  
Date: April 5, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
None			
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration** did not respond to our fiscal impact request.

Officials from the **Office of the Governor** and the **Missouri Senate** did not respond to our fiscal impact request. However, in response to similar legislation from the current session, officials assumed that the proposed legislation would have no fiscal impact on their offices.

Officials from the **Office of the Lieutenant Governor, Office of the Attorney General, State Auditor's Office, Office of the State Courts Administrator, Departments of Insurance, Labor and Industrial Relations, Agriculture, Economic Development, Health and Senior Services**, and the **State Emergency Management Agency** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Departments of Mental Health, Corrections, and Revenue** assume the proposed legislation would have either no or minimal fiscal impact on their agencies and any costs could be absorbed with existing resources.

Officials from the **State Treasurer's Office** assume the proposed legislation would not significantly impact their agency. Officials note that if the proposal substantially impacted its operations, they would request additional funding through the appropriations process.

Officials from the **Secretary of State's Office** assume the proposal would result in the need to hire one Accounting Analyst to provide data warehouse reports that will relate dollars paid for each project. Annual costs, including salary, fringe and associated expense and equipment would be approximately \$50,000. SOS also assumes implementation of the proposal would result in additional State Data Center costs of \$36,000 annually.

Officials from the **Department of Natural Resources (DNR)** assume the level of effort that will be involved in the performance-based review evaluation that may be requested by the Budget and Appropriations Committee is unknown. Depending on the level of effort required in completing these performance-based reviews, DNR notes it may need to consider requesting resources for this effort.

Officials from the **Department of Conservation (MDC)** assume that a performance-based budget review could require some additional personnel time and, consequently, some fiscal impact. MDC states that the amount of fiscal impact is unknown.

### ASSUMPTION (continued)

Officials from the **Department of Transportation (DHT)** assume the performance-based review information necessary cannot be determined at this time. DHT assumes one additional Senior Budget Analyst will be needed to gather additional detailed information required in the proposal. DHT notes the Senior Budget Analyst will monitor and gather the information required for the performance-based budget reviews. DHT estimates annual costs, including salary, fringe and associated expense and equipment to be approximately \$70,000.

Officials from the **Department of Elementary and Secondary Education (DES)** assume the proposal would result in the need to hire one Senior Budget Analyst to develop, coordinate and/or conduct the cost/outcome analyses for the DES's individual services and programs. Annual costs, including salary, fringe and associated expense and equipment would be approximately \$70,000.

Officials from the **Department of Public Safety – Director's Office (DPS)** assume the proposal would result in the need to hire three additional FTE (Accountant III, Budget Analyst II, and Clerk Typist II) to compile data and supporting documentation as well as provide support for the review and the budget process. Annual costs, including salary, fringe, associated expense and equipment, rent, and renovation expense would be approximately \$210,000 annually.

Officials from the **Missouri State Highway Patrol (MSHP)** assume the proposal could be implemented with existing and therefore assume no fiscal impact. MSHP states additional FTE could be requested if implementation of the proposal proves to be more time-consuming.

Officials from the **Missouri Veterans Commission (MVC)** assume the proposal would result in the need to hire one Accountant III to track and gather required items, detail itemization of existing and anticipated expenditures, and act as designee for the agency during reviews. Annual costs, including salary, fringe and associated expense and equipment would be approximately \$63,000.

Officials from the **Department of Higher Education** assume no fiscal impact if the performance-based review applies only to their agency. Officials note that if the review includes one or more higher education institutions, costs could be incurred to hire additional resources.

Officials from the **Department of Social Services (DSS)** assume fiscal impact depends upon whether or not existing data on performance measures will be used in the performance-based review procedures and about which portion of the Department the review will be applied to. DSS assumes if existing data would be used in the review and if the review were somewhat limited in scope, the work could be performed by the existing budget staff with no significant additional costs incurred. DSS assumes if the proposal changes the current detailed-base review statute and requires that new procedures be developed, it is possible the intent would result in a substantially new system that would require a new set of data. DSS assumes if substantially new data is necessary and that the requirement will be applied to the entire Department additional costs, including two FTE, computer programming, and associated expense and equipment would be approximately \$56,266 in FY 2003; ASSUMPTION (continued)

\$92,969 in FY 2004; and \$87,099 in FY 2005.

Officials from the **Missouri House of Representatives (MHR)** assume the needs of the House could change substantially depending on how the General Assembly would implement this proposed legislation. MHR assumes the proposal would result in unknown fiscal impact on their agency.

**Oversight** assumes some agencies could experience an increased workload to implement this proposal. However, it is possible additional duties could be absorbed with existing resources. The proposal states that this review will occur at least once every five years, on a rotating basis, after January 1, 2003. If an agency determines that additional resources are needed, such resources could be requested through the normal budgetary process.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

#### DESCRIPTION

This proposal changes the detailed base review of state agency budgets to a performance-based review based on outcomes, performance, and cost. Procedures for the performance-based review will be developed by the Commissioner of Administration and the chairs of the House Budget DESCRIPTION (continued)

Committee and the Senate Appropriations Committee. Beginning January 1, 2003, performance-based review is to be made on a rotating basis so that every department, division, or agency is reviewed at least once every five years. Each agency director may decide how best to utilize moneys

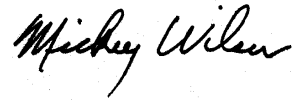
appropriated to accomplish performance standards for the director's agency. An agency is prohibited from spending more than the total amount appropriated to the agency in that fiscal year. No funding source for appropriation may be altered by the executive branch. Any alteration to appropriation is to be reported to the House Budget Committee, the Senate Appropriations Committee, and the Division of Budget and Planning.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Office of the Lieutenant Governor  
Missouri House of Representatives  
Office of the Attorney General  
State Auditor's Office  
Office of the State Courts Administrator  
Department of Corrections  
Department of Insurance  
Department of Labor and Industrial Relations  
Department of Agriculture  
Department of Health and Senior Services  
Department of Public Safety  
    Director's Office  
    Capitol Police  
    State Emergency Management Agency  
    Missouri State Highway Patrol  
Department of Economic Development  
Department of Revenue  
Department of Mental Health  
Department of Natural Resources  
State Treasurer's Office  
Secretary of State's Office  
Department of Conservation  
Department of Transportation  
Department of Elementary and Secondary Education  
Department of Higher Education  
Department of Social Services  
NOT RESPONDING

Office of the Governor  
Office of Administration  
Missouri Senate

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Acting Director

April 5, 2002